

FISCAL IMPACT STATEMENT ON BILL NO. **S.217**

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TO:	The Honorable John E. Courson, Chairman, Senate Education Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell		
DATE:	January 29, 2007	SBD:	2007080

AUTHOR:	Senator Courson	PRIMARY CODE CITE:	59-16-10
SUBJECT:	Virtual School Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

Senate Bill 217 would authorize the State Department of Education to establish a Virtual School Program. The program would offer access to credit recovery programs for students who have not received credit for a course previously taken or for students who are not likely to receive credit for courses they are currently taking. The Virtual School Program may not award a High School Diploma.

EXPLANATION OF IMPACT:

The estimates provided were developed, in part, using a report by the Southern Regional Education Board (SREB) entitled "Cost Guidelines for State Virtual Schools". Estimates are for the first year of implementation and assume an enrollment of 3,000 students during the first year of the program. Actual costs will likely vary in the second and subsequent years depending on the actual number of participating students.

The State Department of Education estimates a need for twenty-eight staff to include twenty teachers, three administrative staff, and five staff dedicated to academic support, student services and technical support. Total salary and fringe benefits for these staff is estimated at \$1,647,920. Other operating costs for office space are estimate at \$120,000. Academic development costs are estimated at \$560,000 which includes curriculum development, content alignment, and installation of course material. The academic development estimate assumes the State Board of Education's course review would not be extensive. Information technology costs including equipment, software, networking and licensing are estimated at \$820,090. SDE anticipates implementing an outreach and an evaluation component estimated at \$50,000 and \$150,000 respectively.

Total first year costs are estimated at \$3,348,010. The impact on the General Fund is at the General Assembly's discretion. This initiative could be funded with State General Funds and/or Education Improvement Act funds. The SREB report estimated cost for such a program at \$1.5 million for 1,000 students; \$4.0 million for 5,000 students; and \$6.0 million for 10,000 students.

SPECIAL NOTES:

The impact on the state could be offset to the extent EFA and other school district funds were redirected to the program from based on the student enrollment. However, there is currently no language in the Bill requiring or allowing existing appropriations to be used to cover costs of the program.

Approved by:



Don Addy
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